



**DITSOBOTLA LOCAL MUNICIPALITY**  
**MTREF BUDGET 2017/2018 – 2019/2020**

ABBREVIATIONS AND ACRONYMS	
DME	Department of Mineral and Energy
DORA	Division of Revenue Act
EPWP	Extended Public Work Programme
FMG	Finance Management Grant
INEP	Integrated National Electrification Programme
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Account Committee
MSIG	Municipal System Improvement Grant
MTREF	Medium Term Revenue and Expenditure Framework
PMU	Project Management Unit
PPE	Property, Plant and Equipment
mSCOA	Municipal Standard Chart of Accounts

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## **1.1 MAYOR'S REPORT**

I have a privilege as the Mayor of Ditsobotla Local Municipality to table the Draft Integrated Development Plan and Budget for the 2017/2018 financial year and the outer two years.

Such occasion bears deep significance for the political leadership of this municipality but more prominently, for the diverse communities that make up our municipality.

Local government remains a strategic site for the delivery of basic services and as such, its role is weaved into the fabric of the communities it serves. It is a common knowledge that our municipality has in recent years gone through a rough patch, which severely affected service delivery and other delivery related targets.

Whilst acknowledging the rough patch the municipality went through, the triple challenges of poverty, unemployment and inequality in Ditsobotla Local Municipality remains at the centre of our Integrated Development Planning as critical.

In fight of the triple challenges and local economic development, the municipality continues to make substantial infrastructure investments to build an environment conducive for business to get-about their daily operations and to plan for the future. Within the context of VTSD and in fight of inequalities, the municipality will implement with deliberate efforts an active intervention in the local economic development through ring-fencing of 30% of our budget for provision of services procurement to Ditsobotla based companies. This is a figure which will increase over the outer years of this draft IDP and Budget.

Tackling triple challenges and advancing economic development, the municipality will adopt the aggressive approach to encourage establishment of cooperatives as an easy way-to-create business entity that can help number of people to get out of the ranks of the unemployed to self-employment.

The improvements in this draft IDP & Budget 2017/18 shows that the municipality continues to implement its strategic mechanisms in a manner that builds confidence of residence. The people of Ditsobotla expect the municipality to be well managed and to be accountable for the prudent stewardship of public funds, safeguarding of public assets and the effective, efficient and economical use of public resources. The municipality remains committed to mitigate risks, make improvements in our ICT infrastructure, better municipal finance management which will culminate in us receiving a successive better audit opinion from the Auditor-General. The Minister of Finance has highlighted the following in strengthening financial management in municipalities, that National and Provincial Treasury have agreed to focus their efforts on four game changers which are:

- The new Municipal Standard Chart of Accounts, hereinafter referred to as MSCOA, which will contribute to greater transparency and consistency of municipal finances.
- Targeted supply chain management interventions to achieve costs savings and combat crime.
- Enhanced revenue management, including appropriate tariff-setting, regular billing and effective collection systems.

- Improved asset management, including adherence to 8% of the value of assets being spent on the maintenance.

The municipality is therefore required to work towards meeting or achieving the above game changers stated by the Minister of Finance.

## **PUBLIC PARTICIPATION**

In its preamble, the freedom charter cautions us that “no government can justly claim authority unless it is based on the will of the people.”

The Freedom Charter being the blueprint upon which our democratic future is established, our municipality ensures that the public participation remains the hallmark of all government work. In accordance with the provisions of the laws that govern the affairs of the municipality we have embarked upon a process of consultation with the local community with a view to present the Draft IDP and Budget for 2017/2018 financial year.

This IDP is therefore culmination of a lengthy process of consultation with the local communities.

Accordingly, this IDP carries the aspirations of the masses of our community which the 2017/2018 Budget must seek to finance. Therefore, this IDP must be seen as a beacon of hope that will continue to guide us over the next financial year in our collective endeavors of building an improved life conditions.

## **SERVICE DELIVERY**

This administration will strive to improve on the achievements of our predecessors and accelerate the provision of much needed municipal services focusing on the five developmental local government key performance areas namely; Infrastructure and Service Delivery, Institutional Transformation and Development, Local Economic Development & Planning, Financial Viability and Good Governance &

This administration has already taken the necessary steps and stance to fill all critical positions on senior management with suitable and competent men and women with a view to inject the necessary expertise to better the performance of our municipality.

Taking the values of good governance seriously, we for the 2016/2017 financial year have improved our Audit Opinion from the unfavorable audit opinions of disclaimer to unqualified. We strive to do better and more to achieve clean.

In view of all service delivery backlogs within our municipality, this multi-year draft IDP and Budget seeks, with limited resources at our disposal, to address some of service delivery challenges in order of priority from our communities.

## **BASIC SERVICES**

Water and Sanitation, our municipality relies on underground water for primary and agricultural use. Working with the district municipality as water service authority and Sedibeng Water as an intervention government agency on supply of water, we have improved water supply in Lichtenburg areas and Itsoseng. Much intervention however still needs to be done in other areas where there is no water infrastructure and other services.

Electricity, the municipality has commenced the electricity capacity increase in the areas of Lichtenburg which will retain major investors. The construction of substation preparation is currently underway and should be completed soon.

Roads, our municipality has put the rehabilitation of internal roads in town at the top of the programme for Lichtenburg which will be covered from the repairs and maintenance budget allocation. More internal roads also continue to be constructed at our townships and villages with some projects being completed at Bodibe, Itsoseng, Springbokpan and whilst others are currently under construction at areas like Boikhutso and Coligny.

Local Economic Development, the importance of providing support and opportunities to disadvantaged people cannot be underestimated. It is thus important that we roll out targeted support programmes to provide the necessary skills and knowledge to organized groups and individuals to venture into relief programmes in order to address endemic poverty amongst our local communities. This will require the municipality to actively plan with private sector to ensure facilitation of economic access and participation of our organized people and individuals to improve quality of life.

## **CONCLUSION**

We continue to strive to make positive strides in the right direction to ensure that sustainable municipal governance principles support our continuous drive to deliver municipal services which reflect our passion for our community needs, which will always be the catalyst to keep us focused on our mandate to serve with pride. We acknowledge that;

- Our people need clean and drinkable water
- Our people need decent sanitation facilities
- Our people need to be put in a condition suitable for promoting economic development
- We must create job opportunities for our people to lift themselves out of poverty.

Going forward, Council and communities must unequivocally strive towards the eradication of key municipal developmental and service delivery challenges. These calls for joint planning that prioritizes core challenges into implementable projects and interventions.

I, therefore, beseech you colleagues, administration and the people of Ditsobotla to join on this demanding, challenging but conquerable journey.

*Kopano ke maatla go aga sechaba se sebotoka.*

**HON. CLLR DT BUTHELEZI**  
**MAYOR**

## **1.2. COUNCIL RESOLUTIONS**

That the submitted 2017/2018 IDP & Budget be tabled as follows:

- a)* That the total budget of R460 675 000 be considered of which R 405 542 000 is operations and R55 133 000 is capital.
- b)* The Operating revenue by vote and source as reflected in the submitted schedules be considered. (A1- A10 schedules)
- c)* The Operating expenditure by vote and standard item as reflected in the budget schedules.
- d)* That the submitted IDP 2017/2022 be approved in line with the provisions of section 28 of the Local Government: Municipal Systems Act 32 of 2000.
- e)* The Capital Expenditure by vote and associated category and funding reflected in the budget schedules.
- f)* That the two projected outer indicative budget for 2018/2019 and 2019/2020 also be approved.
- g)* That the budget related policies were not amended and be approved as is.
- h)* That the multi-year capital budget appropriation by vote and associated funding reflected in the submitted schedule be approved.
- i)* That the attached tariffs be approved.

## **1.2 BUDGET OVERVIEW: EXECUTIVE SUMMARY**

### **Introduction**

The 2017/2018 Medium Term Revenue and Expenditure Framework and the Multi-Year Budget has been prepared to reflect the three- year plan of Ditsobotla Local Municipality. In addition, the directive from National Treasury based on MFMA circulars were used as the bases for preparation of this budget.

National Treasury has emphasized that the following areas needs to be given attention:

- i)* Revenue Management – Billing Systems
- ii)* Collecting Outstanding Debts – Political Commitments
- iii)* Pricing Service Correctly – Management of Rebates and Subsidies
- iv)* Under spending on repairs and maintenance
- v)* Spending on low priorities – Luxury and non- service delivery related expenditure.

The main challenges experienced in the 2016/2017 Budget can be summarized as follows:

- The increased cost of bulk purchases and arrears on Eskom account;
- The need to re-prioritise expenditure within the existing resource envelope given the cash flow realities and declining cash position;
- The state and lack of maintenance for infrastructure;
- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Unavailability of own-funding for capital budget;
- Inability to raise capital/borrowing; and
- Lack of credit control.

### **The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:**

- Tariffs need to remain or move towards being cost reflective and a process of restructuring the tariffs for utility services for instance water and sanitation should be considered, the exercise is very intensive where gathering of information to develop a cost reflective model should be done correctly.



- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

**In MFMA Circular No. 70** municipalities were strongly advised to take note of the Cabinet resolution of 23 October 2013 by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures with effect of January 2014. The cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering and event costs as well as costs for accommodation. Municipalities were subsequently strongly urged to take note of the cost containment measures as approved by Cabinet and align their budgeting policies to these guidelines to the maximum extent possible.

**Over and above the guidelines from National Treasury, the budget was also influenced by the following:**

- The performance of 2016/2017 budget was used as baseline.
- CPI guidelines from National Treasury except where specific sector increases are prescribed.
- Tariff and property rate increases should be affordable and generally not to exceed inflation as measured by the CPI except where adjustment are justified and where price increase is prescribed or determined outside the municipality's powers.
- As per circular 86, municipalities must take the following macro-economic forecast into consideration when preparing their 2017/18 budgets and MTREF.

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the *mSCOA* classification framework which must be used when compiling the 2017/18 MTREF budget.

The publishing of the regulation on the Standard chart of Accounts (SCOA) on 22 April 2014 will have a profound effect on the business of local government. This reform is not limited to a financial reform, but a business reform as a whole. It is the largest reform since the promulgation of the Municipal Finance Management Act in 2003, and municipalities are expected to actively start with the process for the preparation of the implementation of this reform for which the target date is 01 July 2017. The *mSCOA* Regulations aim to ensure a standardized and uniform reporting of financial transactions of municipalities. The following are extracts from the preamble to the regulations:

“Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards.” “These Regulations propose segments and a classification framework for the standard chart of accounts to be applied in local government in similar form to that implemented for national and provincial government departments. In order to enable the National Treasury to provide consolidated

local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities.”

The regulations contain amongst others, segment and classification framework for SCOA, minimum business process and system requirements and responsibilities of municipal councils and accounting officers.

The segments classification consists of the following:

*Funding segment* – This segment relates to the various sources of funding available to municipalities and municipal entities for financing expenditure relating to the operation of the municipality and provides for both capital and operational spending.

*Function segment* - This segment provides for the classification of the transaction according to the function or service delivery objective and provides for the standardisation of functions and sub functions across local government.

*Municipal Standard Classification Segment* - This segment provides for the organisational structure and functionality of an individual municipality, which is not prescribed.

*Project Segment* - This segment provides for the classification of capital and operating projects on the basis of whether it relates to a specific project and if so, the type of project.

*Regional Indicator Segment* - This segment identifies and assigns government expenditure to the lowest relevant geographical region within which the intended beneficiaries of the service or capital investment are located.

*Item Segment* - This segment provides for the classification of item detail in the presentation of the financial position, performance and cash flow according to the nature of the transaction either as revenue, expenditure, asset, liability or net asset.

*Costing Segment* - This segment provides for a classification structure for secondary cost elements with reference to departmental charges, internal billing etc. and acts as a cost collector in determining inter alia total cost of services.

### **1.3 Operating Revenue Framework**

## Consolidated Overview

The total budget of the municipality is **R460 million** which comprises of **R 405 million** Operating Budget and **R55 million** for total Capital Budget, details for the Multi-year Budget are given in the table below:

Table

Details	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Total Operating Budget	R 405,542,000	R 432,513,000	R 457,190,000
Total Capital Budget	R 55,133,000	R 47,085,000	R 45,260,000
<b>Total</b>	<b>R 460,675,000</b>	<b>R 479,598,000</b>	<b>R 502,450,000</b>

## Detailed Operational Budget

The table below shows the breakdown of the budget into operating revenue and expenditure. The surplus realised will be used to fund the deficit shown in the cash flow statement.

**Table2**

Description	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Revenue	R 405,542,000	R 432,513,000	R 457,190,000
Expense	R (400,220,000)	R (420,791,000)	R (443,623,000)
<b>Nett cash inflow/(outflow)</b>	<b>R 5,322,000</b>	<b>R 11,722,000</b>	<b>R 13,567,000</b>

In order to ensure sustainability of vision and financial viability of the municipality in the long term, municipal tariffs have adjusted as follows:

- Water: 6.4%
- Electricity: 1.88%
- Sewerage: 6.4%
- Refuse Collection: 6.4%
- Miscellaneous: 6.4%
- Property Rates 0% . (No increase due to the introduction of new valuation roll)

The municipality will still ensure that the poor are protected through the indigent support scheme as per the indigent policy and debt collection strategy.

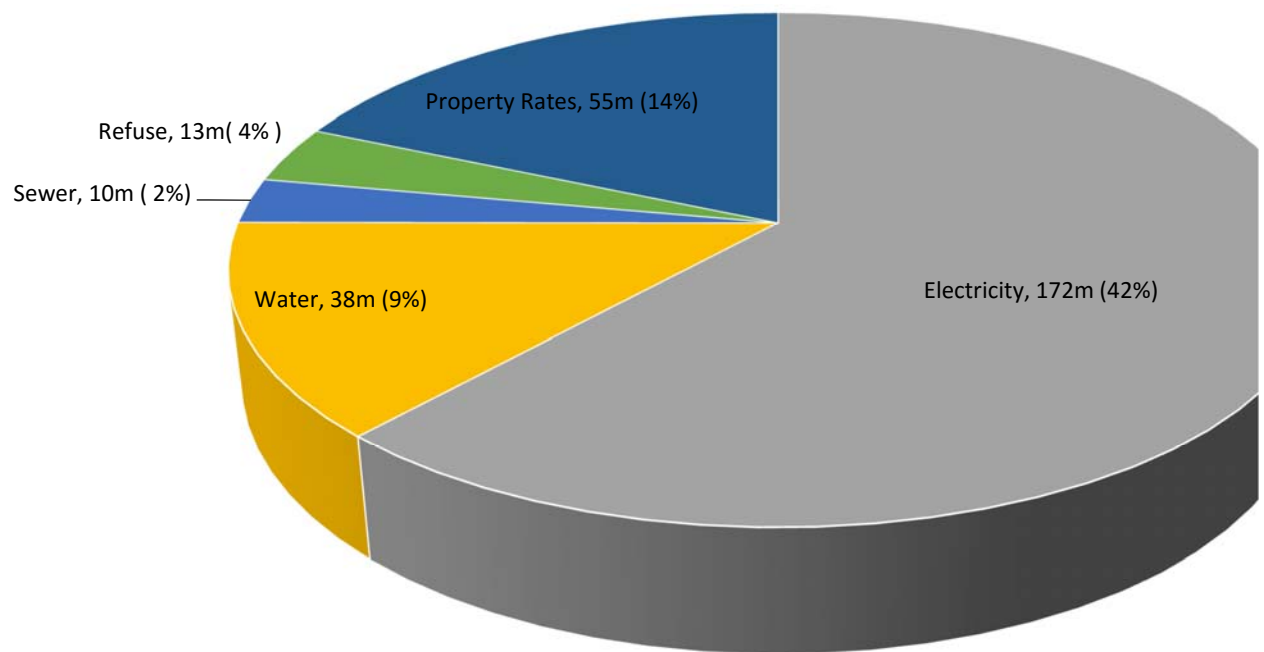
The cash flow position of the municipality is expected to continue be under pressure for 2017/2018, a conservative approach to spending and utilization of Municipal assets will ensure that this matter is addressed.

Table 3

NW384 Ditsobotla - Table A4 Budgeted Financial Performance (revenue )											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	37 114	37 404	37 295	52 000	52 000	78 479	78 479	55 000	58 135	61 391
Service charges - electricity revenue	2	96 928	90 064	88 209	171 000	171 000	154 000	154 000	172 000	192 374	203 147
Service charges - water revenue	2	33 087	28 466	25 108	43 892	43 892	24 337	24 337	38 000	29 596	31 253
Service charges - sanitation revenue	2	7 608	10 662	14 015	11 497	11 497	8 868	8 868	10 000	10 570	11 162
Service charges - refuse revenue	2	10 889	11 225	12 990	12 981	12 981	10 741	10 741	13 000	13 741	14 510
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2 477	3 484	3 505	3 748	3 748	2 923	2 923	3 500	3 176	2 232
Interest earned - external investments		482	-	-	1 100	1 100	74	74	1 000	1 060	1 116
Interest earned - outstanding debtors		349	4 353	18 697	4 500	4 500	13 750	13 750	4 500	4 747	5 006
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		429	185	208	205	205	199	199	200	218	223
Licences and permits		1 670	7 600	5 950	2 149	2 149	1 582	1 582	300	317	353
Agency services		4 235	33 660	38 271	4 032	4 032	3 766	3 766	4 000	2 114	2 232
Transfers and subsidies		61 201	70 820	102 395	96 792	96 792	98 092	98 092	102 042	114 351	122 333
Other revenue	2	6 834	11 378	2 771	1 350	1 350	1 455	1 455	2 000	2 114	2 232
Gains on disposal of PPE		367	-	-	1 000	1 000			-	-	-
Total Revenue (excluding capital transfers and contributions)		263 669	309 299	349 416	406 246	406 246	398 266	398 266	405 542	432 513	457 190

- In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.
- Revenue generated from **rates and services charges** forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise 71 per cent of the total revenue mix. Followed by **operational grants** and other **secondary revenue** at 25 per cent and 4 per cent respectively.
- Furthermore, the revenue of the municipality should be enhanced drastically and its Revenue Enhancement Strategy must be implemented and monitored regularly.

### Service Charges & Rates



### Division of Revenue Allocation (DoRA)

The table below indicates the grant allocation for the year 2017/18 to 2019/20.

**Table 4**

<u>Description</u>	<u>2016/17 Budgeted</u>	<u>2017/18 Indicative</u>	<u>2018/19 Indicative</u>	
<b>Equitable share</b>	R 98,941,000	R 98,339,000	R 111,601,000	R 111,601,000
<b>FMG</b>	R 1,810,000	R 2,145,000	R 2,400,000	R 2,400,000
<b>MIG</b>	R 34,875,000	R 37,133,000	R 39,125,000	R 39,125,000
<b>EPWP</b>	R 1,038,000	R 1,208,000	-	-
<b>INEP</b>	R 5,000,000	R 18,000,000	R 7,000,000	R 7,000,000
<b>Library (Operational)</b>	R 350,000	R 350,000	R 350,000	R 350,000
<b>Library (Capital)</b>		R 900,000	R 960,000	R 960,000
<b>Total</b>	<b>R 129,479,000</b>	<b>R 158,075,000</b>	<b>R 161,436,000</b>	<b>R 161,436,000</b>

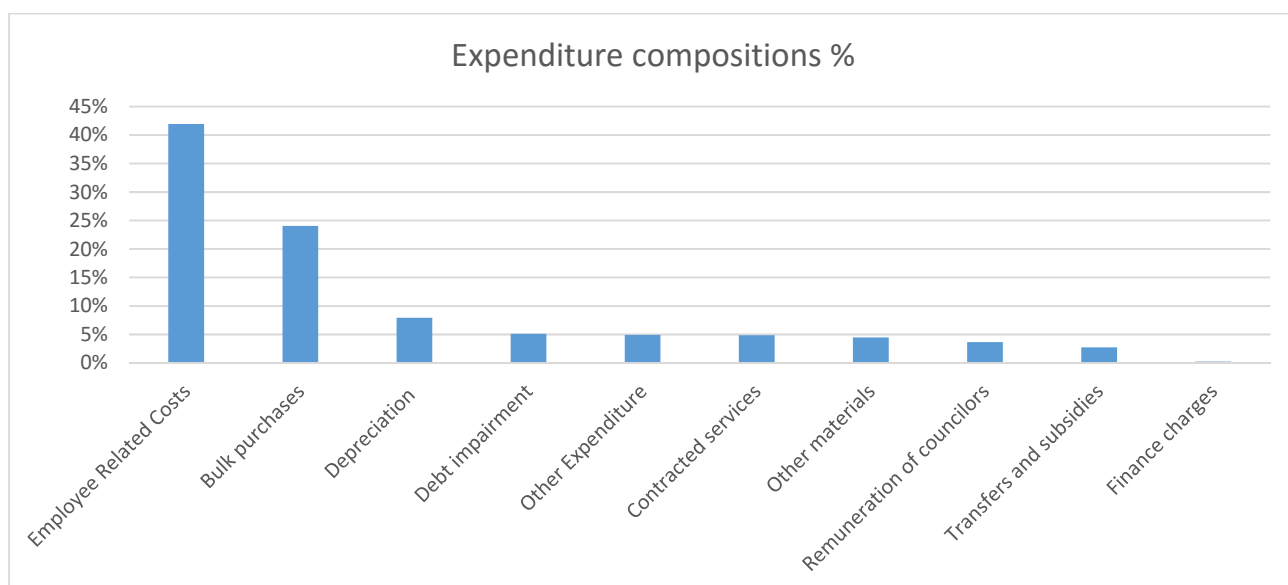
- The municipality has received all the grants for the 2016/17 therefore that has a positive impact towards the grant allocation of the MTREF. Above is the table which outlines the DoRA allocation of the municipality for the MTREF period.

## 1.5 Operating expenditure framework

### Expenditure Allocation

Table 5

NW384 Ditsobotla - Table A4 Budgeted Financial Performance (expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>										
Employee related costs	138 409	140 009	151 385	156 292	156 292	125 010	125 010	167 882	177 451	187 389
Remuneration of councillors	5 040	10 872	13 215	13 700	13 700	11 254	11 254	14 700	15 611	14 549
Debt impairment	137 890	-	-	20 000	20 000	-	-	20 500	31 898	31 766
Depreciation & asset impairment	24 641	66 498	64 225	31 764	31 764	-	-	31 764	33 733	35 724
Finance charges	3 396	7 115	5 697	870	870	870	870	930	988	1 046
Bulk purchases	107 139	71 988	125 220	123 000	123 000	104 000	104 000	96 244	88 779	96 613
Other materials	6 830	3 768	3 871	18 000	18 000	4 048	4 048	18 000	19 116	20 244
Contracted services	12 940	2 235	2 066	22 600	22 600	15 136	15 136	19 500	20 612	21 766
Transfers and subsidies	(10 494)	-	-	320	320	6 966	6 966	11 000	11 682	12 371
Other expenditure	46 952	35 705	160 502	19 700	19 700	16 641	16 641	19 700	20 921	22 156
Loss on disposal of PPE	-	-	-	-	-	-	-			
<b>Total Expenditure</b>	<b>472 743</b>	<b>338 189</b>	<b>526 180</b>	<b>406 246</b>	<b>406 246</b>	<b>283 925</b>	<b>283 925</b>	<b>400 220</b>	<b>420 791</b>	<b>443 623</b>



- **General Expenditure**

An amount of R19,7million has been allocated to general expenditure which is made of AG's fees, fuel costs, adverts and printing etc.

- **Bulk Purchases**

The bulk purchases for water and electricity for the 2017/2018 financial year is budgeted to R96.2 million. It must be further noted that the arrear debt for bulk will be accounted for in the cash flow statement of the municipality.

*Electricity*

The expenditure category is influenced by Eskom increases and CPI plus 1 percent which is 6.5 per cent. A rate will still be announced by NERSA. It must be further noted that the Eskom arrear debt will be disclosed on the cash flow statement where a provision will be made for the payment of arrears plus current account.

*Water*

It must be noted that Sedibeng Water has taken over from Botshelo Water and all outstanding debts are payable to Sedibeng. The provision of R4 million is been made even if there is a dispute.

- **Repairs and Maintenance**

Repairs and maintenance of various infrastructures has been budgeted R18 million. Caution should be noted most assets of the municipality are old and they require regular repairs and maintenance for the effective service delivery to the community.

- **Contracted Services**

Contracted Services have been budgeted to R19.5million. This expenditure category is influenced by various contractual obligations with Service Providers.

- **Debt impairment**

Debt impairment has been budgeted R22 million. The debt impairment calculation is supposed to be based on the collection rate of property rates and service charges. The collection rate of the municipality is at 60% therefore only R22 million impairment could be provided for. It must be noted that this is a non-cash item.

- **Depreciation & Asset Impairment**

The municipality has budgeted R31, 7 million for asset impairment & depreciation to be able to address its aging infrastructure.





1.

NW384 Ditsobotla - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 1 - Mayor	-	-	-	-	-	-	-	-	-	-
Vote 2 - General Council	-	-	-	-	-	-	-	-	-	-
Vote 3 - Office of the Accounting Officer	-	-	-	-	-	-	-	-	-	-
Vote 4 - Budget and Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 5 - Infrastructure	6 836	-	-	39 875	39 875	37 392	37 392	55 133	46 125	44 227
Vote 6 - Community and Social Services	-	-	-	-	-	-	-	-	-	-
Vote 7 - Corporate Services	-	-	-	-	-	-	-	-	-	-
Vote 8 - Local Economic Development	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>6 836</b>	<b>-</b>	<b>-</b>	<b>39 875</b>	<b>39 875</b>	<b>37 392</b>	<b>37 392</b>	<b>55 133</b>	<b>46 125</b>	<b>44 227</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	-	-	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	-	3 611	-	-	-	-	-	-	-
Community and social services	-	-	3 611	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>6 836</b>	<b>-</b>	<b>22 019</b>	<b>34 875</b>	<b>34 875</b>	<b>35 392</b>	<b>35 392</b>	<b>37 133</b>	<b>39 125</b>	<b>41 227</b>
Planning and development	-	-	-	-	-	-	-	-	-	-
Road transport	6 836	-	22 019	34 875	34 875	35 392	35 392	37 133	39 125	41 227
Environmental protection	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	-	-	8 128	5 000	5 000	2 000	2 000	18 000	7 000	3 000
Energy sources	-	-	1 092	5 000	5 000	2 000	2 000	18 000	7 000	3 000
Water management	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	7 036	-	-	-	-	-	-	-
<b>Other</b>								-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>6 836</b>	<b>-</b>	<b>33 758</b>	<b>39 875</b>	<b>39 875</b>	<b>37 392</b>	<b>37 392</b>	<b>55 133</b>	<b>47 085</b>	<b>45 260</b>
<b>Funded by:</b>										
National Government	6 836	-	23 111	39 875	39 875	37 392	37 392	55 133	46 125	44 227
Provincial Government			2 197							
District Municipality										
Other transfers and grants										
<b>Transfers recognised - capital</b>	<b>6 836</b>	<b>-</b>	<b>25 308</b>	<b>39 875</b>	<b>39 875</b>	<b>37 392</b>	<b>37 392</b>	<b>55 133</b>	<b>46 125</b>	<b>44 227</b>
<b>Public contributions &amp; donations</b>										
<b>Borrowing</b>										
Internally generated funds	-	230	8 450							
<b>Total Capital Funding</b>	<b>6 836</b>	<b>230</b>	<b>33 758</b>	<b>39 875</b>	<b>39 875</b>	<b>37 392</b>	<b>37 392</b>	<b>55 133</b>	<b>46 125</b>	<b>44 227</b>

- The capital budget of the municipality is highly reliant on grants and transfers from both provincial and national government.
- The capital budget amounts to R56 million and a detailed expenditure projects is disclosed in detail in the body of this report (part 2: Overview of the Alignment of the Annual Budget with the IDP).
- The capital budget of the municipality represents only 12 per cent of the total budget.

## 1.7. ANNUAL BUDGET TABLES (ANNEXURES)

### NW384 Ditsobotla - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	37 114	37 404	37 295	52 000	52 000	78 479	78 479	55 000	58 135	61 391
Service charges	148 512	140 416	140 322	239 370	239 370	197 946	197 946	233 000	246 281	260 072
Investment revenue	482	—	—	1 100	1 100	74	74	1 000	1 060	1 116
Transfers recognised - operational	61 201	70 820	102 395	96 792	96 792	98 092	98 092	102 042	114 351	122 333
Other own revenue	16 361	60 659	69 403	16 984	16 984	23 675	23 675	14 500	12 686	12 278
Total Revenue (excluding capital transfers and contributions)	263 669	309 299	349 416	406 246	406 246	398 266	398 266	405 542	432 513	457 190
Employee costs	138 409	140 009	151 385	156 292	156 292	125 010	125 010	167 882	177 451	187 389
Remuneration of councillors	5 040	10 872	13 215	13 700	13 700	11 254	11 254	14 700	15 611	14 549
Depreciation & asset impairment	24 641	66 498	64 225	31 764	31 764	—	—	31 764	33 733	35 724
Finance charges	3 396	7 115	5 697	870	870	870	870	930	988	1 046
Materials and bulk purchases	113 969	75 756	129 091	141 000	141 000	108 048	108 048	114 244	107 895	116 857
Transfers and grants	(10 494)	—	—	320	320	6 966	6 966	11 000	11 682	12 371
Other expenditure	197 783	37 940	162 568	62 300	62 300	31 777	31 777	59 700	73 431	75 688
Total Expenditure	472 743	338 189	526 180	406 246	406 246	283 925	283 925	400 220	420 791	443 623
Surplus/(Deficit)	(209 074)	(28 890)	(176 764)	—	—	114 341	114 341	5 322	11 722	13 567
Transfers and subsidies - capital (monetary allocation)	32 529	25 657	20 403	39 875	39 875	58 479	58 479	53 066	47 085	45 260
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(176 545)	(3 233)	(156 361)	39 875	39 875	172 820	172 820	58 388	58 807	58 827
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(176 545)	(3 233)	(156 361)	39 875	39 875	172 820	172 820	58 388	58 807	58 827
Capital expenditure & funds sources										
Capital expenditure	6 836	—	33 758	39 875	39 875	37 392	37 392	56 033	47 085	45 260
Transfers recognised - capital	6 836	—	25 308	39 875	39 875	37 392	37 392	56 033	47 085	45 260
Public contributions & donations	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	—	230	8 450	—	—	—	—	—	—	—
Total sources of capital funds	6 836	230	33 758	39 875	39 875	37 392	37 392	56 033	47 085	45 260
Financial position										
Total current assets	312 088	178 210	123 305	319 552	319 552	317 524	317 524	305 415	290 475	277 011
Total non current assets	831 554	1 000 341	987 875	760 768	760 768	815 931	815 931	818 793	684 466	577 532
Total current liabilities	334 580	263 164	351 439	61 944	61 944	65 886	65 886	204 137	186 137	172 137
Total non current liabilities	55 825	28 905	29 620	36 749	36 749	39 127	39 127	37 227	37 227	37 227
Community wealth/Equity	753 237	886 481	730 120	981 627	981 627	1 028 441	1 028 441	882 943	751 577	645 179
Cash flows										
Net cash from (used) operating	(165 664)	140 298	44 256	6 660	6 660	102 583	(8 464)	(134 031)	125 659	128 772
Net cash from (used) investing	(3 778)	(20 243)	(34 237)	(33 875)	(33 875)	(33 875)	(33 875)	(56 033)	(47 085)	(45 260)
Net cash from (used) financing	(3 374)	—	—	400	400	400	400	100	105	110
Cash/cash equivalents at the year end	(182 240)	77 064	87 082	(24 315)	(24 315)	71 608	(41 334)	(187 464)	(108 785)	(25 163)
Cash backing/surplus reconciliation										
Cash and investments available	(236 108)	72 711	64 032	2 500	2 500	2 169	2 169	2 500	3 400	4 800
Application of cash and investments	(326 458)	138 617	274 760	(25 635)	(25 635)	(38 255)	25 906	116 286	90 355	83 710
Balance - surplus (shortfall)	90 350	(65 906)	(210 728)	28 135	28 135	40 424	(23 737)	(113 786)	(86 955)	(78 910)
Asset management										
Asset register summary (WDV)	802 648	181 140	—	191 350	191 350	184 203	97 353	97 353	—	—
Depreciation	24 641	53 817	—	31 764	31 764	31 764	31 764	31 764	33 733	35 724
Renewal of Existing Assets	—	—	—	—	—	—	—	62 355	42 360	44 902
Repairs and Maintenance	6 830	—	—	18 000	18 000	4 500	18 000	18 000	19 115	20 225
Free services										
Cost of Free Basic Services provided	—	64	64	—	—	—	8 000	8 000	8 000	8 000
Revenue cost of free services provided	—	34	34	—	—	—	3 000	3 000	3 000	3 000
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	2	2	2	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

### **Table A1 - Budget Summary**

- Table A1 (Table above) is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.
- The remaining tables A2 to A10 are attached to the document as annexures.

## **Part 2**

### **OTHER SUPPORTING INFORMATION**

## **2.1 BUDGET PROCESS**

### **2.1.1 Overview**

The budget process is an effective process that the municipality must undertake to ensure good governance and to promote accountability. Budgeting is primarily about priorities and choices that the municipality has to make in deciding how to meet the objectives set for service delivery. The budget preparation process is guided by the following legislative requirements:

- Municipal Budget and Reporting Regulation
- Municipal Finance Management Act
- Municipal System Act
- Municipal Structures Act

Communities will be consulted wherein a ward based plan will be developed to deal with infrastructure requirement of the municipality.

### **2.1.2 Political Oversight**

Section 53(1)(a) states that the Mayor must provide political guidance over the budget process and the priorities that must guide the preparation of the budget.

It is also entrusted to the Mayor to ensure that the budget is approved on time and that the Service Delivery and Budget Implementation plans are developed and approved.

### **2.1.3 Schedule of Key Deadlines**

One of the objectives of the budget timetable is to ensure that there is interaction between the development of the IDP and budget. The budget time table is supposed be approved by Council on the 31<sup>st</sup> of August of each year, thus 10 months before the start of the financial year.

## **2.2 OVERVIEW OF THE ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP**

Ditsobotla Local Municipality adopted its integrated development plan 2017/2018 following a process as outlined in its schedule of key deadlines as required in terms of the Local Government: Municipal Systems Act 32 of 2000 read together with the Local Government: Municipal Finance Management Act 56 of 2003. Section 21 of the Municipal Finance Management Act requires the integrated development plan and the MTREF Budget to be mutually inclusive.

The paragraphs below seek to demonstrate the alignment of the annual budget to the integrated development plan as envisaged by legislation.

### **Key Amendments to the Integrated Development Plan**

The municipality consulted communities on the tabled draft budget and integrated development between May and June 2016 as per schedule below.

#### *Schedule of IDP/Budget Consultative Meetings*

DATE	WARDS	VENUE
22 May 2017	1, 2, 3, 4, 5 & 16	Lichtenburg Town Hall
23 May 2017	15, 17, 18 & 20	Nkaikela Cover Ground
06 June 2017	6 & 7	Lichtenburg Hall
07 June 2017	8	Sephaku Hall (Verdwaal)
	19	Meetmekaar Hall
08 June 2017	12, 13 & 14	Bodibe Cover Ground
	9	Full Gospel Church
09 June 2017	10	Itsoseng Stadium
	11	Sheila Hall & Ponelepele Primary

**Based on these consultative process and those held during the analysis phase of the IDP the following key issues which form the basis of the current integrated development plan were raised and/or identified:**

- The youthful structure of the population of the municipality requires a focus on infrastructure and development programmes targeted at young people (i.e. the construction of sports and recreational facilities).
- High levels of poverty and unemployment, skills shortage, and inequalities within the Ditsobotla Local Municipality necessitates a need for short to long-term intervention packages with a focus on creating an enabling environment for economic growth and employment creation.
- The progressive eradication of infrastructure backlog in the municipal area with a concerted focus on household infrastructure services such as water, sanitation, refuse removal services and electricity as well as economic infrastructure which includes the paving of internal roads.
- The upgrade and maintenance of the ageing infrastructure in all the residential areas of Ditsobotla Local Municipality, with specific focus on areas of high economic potential such as townships and small dorpiess

#### **The Strategic Interventions/Focus of the IDP**

The strategic focus of the current integrated development plan can be summarised as follows:

- The creation of an enabling environment for economic growth and job opportunities;
- Eradication of serviced delivery and infrastructure backlogs, especially water and sanitation provision, refuse removal services, electricity and paved roads;
- The upgrade of the ageing electricity and water infrastructure as well as maintenance of roads and storm-water drainage;

- The mainstreaming of development issues affecting women, youth, and people living with disabilities into the municipal development agenda;
- The municipality recognises the importance of financial sustainability in addressing the above challenges and will implement a Revenue Enhancement Strategy aimed at achieving financial sustainability.

## **IDP CAPITAL PROJECTS 2017/2018 – 2019/2020**

### **FUNDING SOURCE: DITSOBOTLA MUNICIPAL INFRASTRUCTURE GRANT**

#	PROJECT	VTSD AREA	2017/2018	2018/2019	2019/2020
1	Rehabilitation of Itsoseng Community Hall	Itsoseng Township	6,000,000		
2	Construction of Tlhabologang Community Hall	Tlhabologang Township		6,000,000	
3	Construction of Springbokpan Community Hall	Springbokpan Village			5,000,000
4	Construction of Putfontein Hall	Putfontein Village			5,000,000
5	Construction of Internal Roads in Bodibe	Bodibe Village	6,000,000		
6	Construction of Internal Roads in Blydeville	Blydeville Township	6,534,000		
7	Construction of Internal Roads in Tlhabologang (Extension 5 Short Streets)	Tlhabologang Township			5,000,000
8	Construction of Internal Roads in Boikhutso (Road Network Expansion in Phatsima Section)	Boikhutso Township			8,000,000
9	Construction of Access Road (Ring-road) in Itsekeng	Itsekeng Township	6,000,000		
10	Construction of Itsoseng Internal Roads	Itsoseng Township	9,899,000	9,000,000	
11	Construction of Bakerville Internal Roads	Bakerville Village		4,000,000	
12	Construction of Internal Roads in Verdwaal	Verdwaal Village		4,000,000	
13	Construction of Boikhutso Ext 3 High-mast Lights	Boikhutso Township			2,000,000
14	Energising of Ga-Maloka High-mast Lights	Ga-Maloka Village		2,800,000	
15	Construction of Solid Waste Disposal Site in Itsoseng	Itsoseng Township			5,127,000
16	Fencing and Construction of Ablution Facilities at Putfontein Cemetery	Putfontein Village			1,200,000
17	Fencing and Construction of Ablution Facilities at Welverdiend Cemetery	Welverdiend Village	1,200,000		
18	Fencing and Construction of Ablution Facilities at Itsoseng Cemetery	Itsoseng Township		4,000,000	
19	Fencing and Construction of Ablution Facilities at Tlhabologang Cemetery	Tlhabologang Township			1,200,000
20	Fencing and Construction of Ablution Facilities at Grasfontein Cemetery	Grasfontein Village			1,200,000
21	Fencing and Construction of Ablution Facilities at Matile Cemetery	Matile Village			1,200,000
22	Fencing and Construction of Ablution Facilities at Itsekeng Cemetery	Itsekeng		1,200,000	
23	Fencing and Construction of Ablution Facilities at Verdwaal Cemetery	Verdwaal Village			1,200,000
24	Fencing and Construction of Ablution Facilities at Bodibe Cemetery	Bodibe Village			1,200,000
25	Fencing and Construction of Ablution Facilities at Boikhutso Cemetery	Boikhutso Township			1,200,000
26	Fencing and Construction of Ablution Facilities at Blydeville Cemetery	Blydeville Township			1,200,000
	PMU Administration		1,500,000	1,500,000	1,500,000
	<b>Total</b>		<b>37,133,000</b>	<b>39,125,000</b>	<b>41,227,000</b>

## 2.3 MEASURABLE PERFORMANCE OBJECTIVES

MONTHLY PROJECTION OF EXPENDITURE (OPERATING AND CAPITAL) AND REVENUE FOR EACH VOTE												
QUARTER 1 (R'000)												
	Jul-17			Aug-17			Sep-17			Total Exp	Total Capex	Total Revenue
Vote/Function	Opex	Capex	Revenue	Opex	Capex	Revenue	Opex	Capex	Revenue			
Vote 1: Mayor	595			595			595			1 785		
Vote 2: Executive and Council	603			603			603			1 809		
Vote 3: Office of The Accounting Officer	661			661			661			1 983.00		
Vote 4: BTO	5 104		12,750,000	5 104		12,750,000	5 104		12 750,000	15,312		36 551
Vote 5: Infrastructure	20 465	5,196,250	18,548,500	20 465	5,196,250	18,548,000	20 465	5,196,250	18,548,000	61,395	15,588,750	55,644,000
Vote 6: Community Services	6 289		2,073,500	6 289		2,073,500	6 289		2 073,500	18,867		6,220,500
Vote 7: Corporate Services	2 143			2 143			2 143			6 429		
Vote 8: LED	1 312			1 312			1 312			3 936		
<b>Total</b>	<b>37 172</b>	<b>5 196 250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>111,516,00</b>	<b>15,588,750</b>	<b>98 415,500</b>



MONTHLY PROJECTION OF EXPENDITURE (OPERATING AND CAPITAL) AND REVENUE FOR EACH VOTE												
QUARTER 2`R												
	Oct-17			Nov-17			Dec-17			Total Exp	Total Capex	Total Revenue
Vote/Funct ion	Ope x	Capex	Revenu e	Opex	Cape x	Revenu e	Opex	Capex	Revenu e			
Vote 1: Mayor	595			595			595			1 785		
Vote 2:Executive and Council	603			603			603			1 809		
Vote 3: Office of The Accounting Officer	661			661			661			1 983		
Vote 4:BTO	5 104		12,750,000	5 104		12 750,000	5 104		12 750,000	15,312		36 551
Vote 5: Infrastructure	20 465	5,196,250	18,548,500	20 465	5 ,196,250	18, 548,000	20 465	5, 196,250	18,548,000	61,395	15,588,750	55,644,000
Vote 6: Community Services	6 289		2,073,500	6 289		2 073,500	6 289		2 073,500	18,867		6,220,500
Vote 7: Corporate Services	2 143			2 143			2 143			6 429		
Vote 8:LED	1 312			1 312			1 312			3 936		
<b>Total</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>111,516</b>	<b>15,588,750</b>	<b>98 415,500</b>

MONTHLY PROJECTION OF EXPENDITURE (OPERATING AND CAPITAL) AND REVENUE FOR EACH VOTE												
QUARTER 3 `R												
	Jan-18			Feb-18			Mar-18			Total Exp	Total Capex	Total Revenue
Vote/Function	Opex	Capex	Revenue	Opex	Capex	Revenue	Opex	Capex	Revenue			
Vote 1: Mayor	595			595			595			1 785		
Vote 2:Executive and Council	603			603			603			1 809		
Vote 3: Office of The Accounting Officer	661			661			661			1 983		
Vote 4:BTO	5 104		12,750,000	5 104		12 750,000	5 104		12 750,000	15,312		36 551
Vote 5: Infrastructure	20 465	5,196,250	18,548,500	20 465	5 196,250	18,548,000	20 465	5,196,250	18,548,000	61,395	15,588,750	55,644,000
Vote 6: Community Services	6 289		2,073,500	6 289		2 073,500	6 289		2 073,500	18,867		6,220,500
Vote 7: Corporate Services	2 143			2 143			2 143			6 429		
Vote 8:LED	1 312			1 312			1 312			3 936		
<b>Total</b>	<b>37 172</b>	<b>5 19,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>111,516</b>	<b>15,588,750</b>	<b>98 415,500</b>

MONTHLY PROJECTION OF EXPENDITURE (OPERATING AND CAPITAL) AND REVENUE FOR EACH VOTE												
QUARTER 4 `R												
	April-18			May-18			June-18			Total Exp	Total Capex	Total Revenue
Vote/Function	Opex	Capex	Revenue	Opex	Capex	Revenue	Opex	Capex	Revenue			
Vote 1: Mayor	595			595			595			1 785		
Vote 2:Executive and Council	603			603			603			1 809		
Vote 3: Office of The Accounting Officer	661			661			661			1 983		
Vote 4:BTO	5 104		12,750,000	5 104		12 750,000	5 104		12 750,000	15,312		36 551
Vote 5: Infrastructure	20 465	5,196,250	18,548,500	20 465	5 ,196,250	18, 548,000	20 465	5, 196,250	18,548,000	61,395	15,588,750	55,644,000
Vote 6: Community Services	6 289		2,073,500	6 289		2 073,500	6 289		2 073,500	18,867		6,220,500
Vote 7: Corporate Services	2 143			2 143			2 143			6 429		
Vote 8:LED	1 312			1 312			1 312			3 936		
<b>Total</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>37 172</b>	<b>5 196,250</b>	<b>33 371,500</b>	<b>111,516</b>	<b>15,588,750</b>	<b>98 415,500</b>

NW384 Ditsobotla - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Vote 1 - INFRASTRUCTURE SERVICES</b>										
<b>Function 1 - Basic Services</b>										
<b>Sub-function 1 - Water</b>	Number of reports to Council on households with access to water									
<i>Improve the quality and quantity of access to water</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 2 - Sanitation</b>	Number of reports to Council on households with access to sewer connection									
<i>Improve the quality and quantity of access to sanitation</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 3 - Electricity</b>	Number of reports to Council on households with access to electricity connection									
<i>Improve the quality and quantity of access to electricity</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Function 2 - Basic Services</b>	Kilometer of roads and stormwater maintained and constructed									
<b>Sub-function 1 - Roads &amp; Storm Water</b>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>To Upgrade and maintain road and storm water</i>										
<b>Sub-function 2 -</b>										
<i>Insert measure's description</i>										
<b>Sub-function 3 -</b>										
<i>Insert measure's description</i>										
<b>Vote 2 - Governance and Administration</b>										
<b>Function 1 - Finance</b>	Timeous submission of compliance reports									
<b>Sub-function 1 - Budget and reporting</b>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Municipal financial viability and management</i>										
<b>Sub-function 2 - Revenue</b>	Collection of Revenue									
<i>Municipal financial viability and management</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 3 - Expenditure</b>	Timeous Payments to Creditors									
<i>Municipal financial viability and management</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Function 2 - Corporate Services</b>	Timeous and number of HR policies and reports submitted to Council									
<b>Sub-function 1 - Human Resources</b>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Provide human resource management</i>										
<b>Sub-function 2 - Information Technology</b>	Timeous implementation of a functional website, internet and intranet									
<i>Provide information technology services</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 3 - Admin Corporate</b>	Timeous provision of support services									
<i>Provide sound admin support services</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Vote 3 - Governance and administration</b>										
<b>Function 1 - Governance</b>	Number of reports on									
<b>Sub-function 1 - Mayor</b>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Promote stakeholder relation</i>										
<b>Sub-function 2 - Speaker</b>	Number of reports on functionality of ward trained									
<i>Strengthen community participation</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 3 -</b>										
<i>Insert measure's description</i>										
<b>Function 2 - Community Services</b>	Number of cemeteries, parks									
<b>Sub-function 1 - Parks</b>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>To maintained community infrastructure</i>										
<b>Sub-function 2 - Public Safety</b>	Number of road safety									
<i>To improve road safety</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 3 - Health</b>	Number of inspections and developed by-laws									
<i>Promote health environment</i>		0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>And so on for the rest of the Votes</b>										

## **2.4. OVERVIEW OF BUDGET RELATED POLICIES AND AMENDMENTS**

The municipality's budgeting process is guided and governed by the relevant legislation and related policies.

The purpose of the budget related policies is to govern and guide the budget process and inform the projections of the medium term.

Listed below with a brief description are the municipality's budget related policies. These policies are available from the municipality on request.

The accounting policy is reviewed on an ongoing basis to incorporate changes required by the relevant Accounting Standards, apart from the changes to these policies as part of the budget process.

### **Virement Policy**

The Virement policy establishes the framework for managers to manage their respective budgets within limitations, and also to ensure good budgeting practice and effective financial management. The Virement policy has been amended to improve budgetary controls

### **Accounting policy**

The accounting policy guides the preparation of the Annual Financial Statements and is reviewed each year during the preparation to ensure compliance with Generally Recognized Accounting standards and other guiding principles such as International Financial Reporting.

### **Chain Management Policy**

The supply chain management policy was adopted and amendments are as result of council resolution.

### **Credit control and Debt collection policy**

The council adopted a policy a few amendments have been made to give clear indication in terms indigents, s 118 on the issuing of rates clearance and the outstanding debt.

### **Tariff policy**

The tariff policy covers levying of tariffs, fees and charges for municipal services. The tariff policy details electricity, water, sewer, refuse removal and miscellaneous tariffs.

### **Fixed Asset Management Policy**

The asset policy is designed to ensure management of Municipal assets in efficient and effective manner with regard to acquisition, utilization, control maintenance and disposal of assets. The policy guides Directorates in their responsibility and duties for control of their assets.

### **Budget**

The amount budget has been developed in terms of the MFMA Circular and Reporting Regulation and National Treasury Requirements. Budget has been tabled within the required legislative timeframes. It has also compiled in line with budget related policies, thus Virement Policy, Accounting policy, Supply Chain Management Policy, Credit control and Debt collection policy, Revenue policy on tariff setting modeling, Fixed Asset Management Policy.

**Audit Committee**

The Audit Committee has not yet been established and shared - services is used but not functional.

**Municipal Public Accounts Committee.**

The committee has been established and is supported by various departments.

## 2.5 BUDGET ASSUMPTIONS

### Key Financial Indicators

Budget assumption / parameters are determined before the budget process, guided by the economic outlook, movement in terms of markets and the National Treasury guidelines. All steps have been taken to be in line with National Treasury Guidelines, however the following factor affect the municipal operation and the budget should be accordingly:

- Anticipated high fuel price
- High Salaries
- Increase by Eskom

Key budget parameters used in developing the operation budget.

Description	2017/18	2018/19	2019/20
Inflation	6.4%	5.7%	5.6%
Remuneration:			
Employees	8%	5.7%	5.6%
Councilors	6.4%	5.7%	5.6%
Fuel / Diesel	6.4%	5.7%	5.6%
Water Purchases	6.4%	5.7%	5.6%

Electricity Purchases	6.5%	5.7%	5.6%
General Expenditure	6.4%	5.7%	5.6%

### **Credit Rating**

The Municipality has not undergone a credit rating.

### **Borrowing and Investments**

The MFMA permits the borrowing for long-term if it is for the acquisition of capital goods such as plant, equipment and infrastructure. Currently the municipality is not considering any long term borrowing.

Currently the municipality has no investments and only call accounts are utilized upon receipts of grants.

### **Rates, Tariffs, Charges and Timing of Revenue Collection**

Accounts for rates, refuse, electricity, water and sanitation are issued on a monthly basis and are due and payable before the 15<sup>th</sup> of the month. Recovery procedures for non-payment may be commenced within 15 days of payment default. The electricity supply is cut and water supply is restricted when a client defaults. The municipality is committed in ensuring that collection levels are improved and that credit control will be enforced those who can afford and not honoring their municipal accounts.

### **Budget**

The amount budget has been developed in terms of the MFMA Circular and Reporting Regulation and National Treasury Requirements. Budget has been tabled within the required legislative timeframes. It has also compiled in line with budget related policies, thus Virement Policy, Accounting policy, Supply Chain Management Policy, Credit control and Debt collection policy, Revenue policy on tariff setting modeling, Fixed Asset Management Policy.

### **Audit Committee**

The Audit Committee has not yet been established and shared - services is used but not functional.

### **Municipal Public Accounts Committee**

The committee has been established and is supported by various departments.





### 3 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

- All the conditional grants of the municipality such as FMG, MIG, EPWP, INEP have their own programmes which will be attached as annexures to this document except for the EPWP which is driven by the wages of the contract workers sourced for that year.

### 4 COUNCILLOR ALLOWANCE AND EMPLOYEE BENEFITS

NW384 Ditsobotla - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	6 843	5 040	10 084	7 170	7 170	8 123	7 648	8 157	6 677
Pension and UIF Contributions	978	1 030	1 092	1 120	1 120	1 092	1 210	1 279	1 350
Medical Aid Contributions	408	432	458	452	452	458	488	516	545
Motor Vehicle Allowance	1 602	1 698	1 086	2 019	2 019	1 086	2 181	2 305	2 434
Cellphone Allowance	441	467	495	452	452	495	488	516	545
Housing Allowances	—	—	—	—	—	—	—	—	—
Other benefits and allowances	—	—	—	2 487	2 487	—	2 686	2 839	2 998
<b>Sub Total - Councillors</b>	<b>10 272</b>	<b>8 667</b>	<b>13 215</b>	<b>13 700</b>	<b>13 700</b>	<b>11 254</b>	<b>14 700</b>	<b>15 611</b>	<b>14 549</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	1 504	2 435	1 945	3 402	3 402	3 402	1 708	1 819	1 927
Pension and UIF Contributions	643	—	—	893	893	893	964	1 019	1 077
Medical Aid Contributions	456	—	204	644	644	644	696	735	776
Overtime	—	—	—	—	—	—	—	—	—
Performance Bonus	715	—	—	912	912	912	985	1 041	1 099
Motor Vehicle Allowance	1 121	285	128	3 124	3 124	3 124	900	3 566	3 766
Cellphone Allowance	487	—	—	681	681	681	200	777	821
Housing Allowances	478	—	—	695	695	695	751	793	838
Other benefits and allowances	—	—	—	—	—	—	—	—	—
Payments in lieu of leave	—	—	—	—	—	—	—	—	—
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municip</b>	<b>5 404</b>	<b>2 720</b>	<b>2 277</b>	<b>10 351</b>	<b>10 351</b>	<b>10 351</b>	<b>6 204</b>	<b>9 752</b>	<b>10 303</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	57 711	66 340	86 874	93 611	93 611	93 611	106 075	108 927	115 022
Pension and UIF Contributions	10 596	14 147	800	18 217	18 217	18 217	19 674	20 796	21 960
Medical Aid Contributions	4 082	6 273	5 690	9 338	9 338	6 338	10 085	10 660	11 257
Overtime	4 970	9 903	10 720	7 802	7 802	7 802	8 426	8 906	9 405
Performance Bonus	4 434	—	—	5 483	5 483	5 483	5 922	6 259	6 610
Motor Vehicle Allowance	3 014	5 896	1 391	5 231	5 231	4 543	4 906	5 186	5 477
Cellphone Allowance	296	—	—	4 659	4 659	4 659	4 861	5 138	5 427
Housing Allowances	635	162	155	800	800	800	864	913	964
Other benefits and allowances	—	14 092	32 310	800	800	800	864	913	964
Payments in lieu of leave	—	—	(245)	—	—	—	—	—	—
Long service awards	—	—	714	—	—	—	—	—	—
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>	<b>85 738</b>	<b>116 813</b>	<b>138 408</b>	<b>145 941</b>	<b>145 941</b>	<b>142 253</b>	<b>161 678</b>	<b>167 699</b>	<b>177 086</b>
<b>Total Parent Municipality</b>	<b>101 414</b>	<b>128 199</b>	<b>153 901</b>	<b>169 992</b>	<b>169 992</b>	<b>163 858</b>	<b>182 582</b>	<b>193 062</b>	<b>201 938</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>101 414</b>	<b>128 199</b>	<b>153 901</b>	<b>169 992</b>	<b>169 992</b>	<b>163 858</b>	<b>182 582</b>	<b>193 062</b>	<b>201 938</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>91 142</b>	<b>119 532</b>	<b>140 686</b>	<b>156 292</b>	<b>156 292</b>	<b>152 604</b>	<b>167 882</b>	<b>177 451</b>	<b>187 389</b>

4.5 The budgeted allocation for employee related costs for the 2017/18 financial year totals R167, 8million, which equals 36 per cent of the total operating expenditure which **excludes** the remuneration of councillors. The following factors needs to be taken into account:

- The budget is under serious constrains and that impacts negatively towards the cash flow position of the municipality, therefore no new positions will be accommodated in the budget.
- For the first six months Council is advised not to fill vacant positions only critical ones.

- The standard norm of best practice in terms of employee related cost versus the total operating cost is 35 per cent and the municipality is in line. Furthermore, **circular 86** incorporates the remuneration of councillors in terms of determination of percentage towards operational expenditure.
- Circular 86 encourages municipalities to increase its budget by CPI plus 1 per cent since negotiations are concluded for the next coming three years.

### 7.1.1. Remuneration of Councillors

The remuneration of councillors will increase by 6.4% as per table A4 (*Statement of Financial Performance and SA 22*) will be in line with the projected figure of R14.7million including the upper limits of Public Office Bearers.

## 5 ALLOCATION GRANTS MADE BY THE MUNICIPALITY

- No grants and transfers where made by the municipality for the MTREF period.

## 6 MONTHLY TARGETS FOR EXPENDITURE, REVENUE AND CASH FLOW

NW384 Ditsobotla - Table A7 Budgeted Cash Flows										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	37 114	-	-	33 800	33 800	48 306	19 420	35 750	58 135	61 391
Service charges	825 622	140 439	140 345	188 203	188 203	212 680	64 472	204 600	246 281	260 072
Other revenue	-	93 687	87 978	36 872	36 872	11 903	13 915	10 000	7 939	7 272
Government - operating	94 158	70 820	102 395	96 792	96 792	95 419	74 062	102 042	114 351	122 333
Government - capital	-	25 657	20 403	34 875	34 875	37 392		56 033	47 085	45 260
Interest	482	4 353	18 697	5 600	5 600	7 436	7 286	5 500	5 807	6 122
Dividends	-	-	-	-	-			-	-	-
<b>Payments</b>										
Suppliers and employees	(1 119 644)	(187 542)	(319 865)	(388 292)	(388 292)	(309 363)	(180 535)	(536 026)	(341 269)	(360 261)
Finance charges	(3 396)	(7 115)	(5 697)	(870)	(870)	(870)	(870)	(930)	(988)	(1 046)
Transfers and Grants	-	-	-	(320)	(320)	(320)	(6 213)	(11 000)	(11 682)	(12 371)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(165 664)</b>	<b>140 298</b>	<b>44 256</b>	<b>6 660</b>	<b>6 660</b>	<b>102 583</b>	<b>(8 464)</b>	<b>(134 031)</b>	<b>125 659</b>	<b>128 772</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	3 057	-	-	1 000	1 000	1 000	1 000	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets	(6 836)	(20 243)	(34 237)	(34 875)	(34 875)	(34 875)	(34 875)	(56 033)	(47 085)	(45 260)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(3 778)</b>	<b>(20 243)</b>	<b>(34 237)</b>	<b>(33 875)</b>	<b>(33 875)</b>	<b>(33 875)</b>	<b>(33 875)</b>	<b>(56 033)</b>	<b>(47 085)</b>	<b>(45 260)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	21	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(3 396)	-	-	400	400	400	400	100	105	110
<b>Payments</b>										
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 374)</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>100</b>	<b>105</b>	<b>110</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(172 816)</b>	<b>120 055</b>	<b>10 019</b>	<b>(26 815)</b>	<b>(26 815)</b>	<b>69 108</b>	<b>(41 939)</b>	<b>(189 964)</b>	<b>78 679</b>	<b>83 622</b>
Cash/cash equivalents at the year begin:	(9 423)	(42 991)	77 064	2 500	2 500	2 500	605	2 500	(187 464)	(108 785)
Cash/cash equivalents at the year end:	(182 240)	77 064	87 082	(24 315)	(24 315)	71 608	(41 334)	(187 464)	(108 785)	(25 163)

NW384 Ditsobotla - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source															
Property rates	2 362	3 200	2 466	2 403	2 812	3 316	3 614	2 539	3 203	2 133	3 122	4 580	35 750	58 135	61 391
Service charges - electricity revenue	12 219	12 044	12 664	12 759	12 623	12 027	12 805	9 966	10 490	12 482	12 680	21 942	154 700	192 374	203 147
Service charges - water revenue	2 981	2 715	1 187	2 058	1 929	1 107	2 897	2 426	3 157	1 075	2 320	4 348	28 200	29 596	31 253
Service charges - sanitation revenue	270	474	376	474	480	479	454	252	342	245	243	5 911	10 000	10 570	11 162
Service charges - refuse revenue	950	909	909	911	1 012	912	965	966	962	964	1 064	1 176	11 700	13 741	14 510
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	57	49	65	105	111	1 252	35	265	350	125	302	784	3 500	3 176	2 232
Interest earned - external investments	-	-	367	-	-	367	-	-	366	-	-	(100)	1 000	1 060	1 116
Interest earned - outstanding debtors	228	328	228	328	228	228	228	328	228	328	228	1 592	4 500	4 747	5 006
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	12	15	18	17	11	16	19	21	20	16	19	16	200	218	223
Licences and permits	105	109	204	210	100	210	200	190	210	200	196	(1 634)	300	317	353
Agency services	382	382	382	382	182	382	182	382	382	282	382	298	4 000	2 114	2 232
Transfer receipts - operational	7 952	7 952	7 952	7 952	8 952	7 952	7 952	7 952	8 952	7 952	7 952	12 570	102 042	114 351	122 333
Other revenue	25 500	80	250	79	88	88	65	75	250	88	90	(24 653)	2 000	2 114	2 232
Cash Receipts by Source	53 017	28 257	27 068	27 678	28 528	28 336	29 416	25 362	28 912	25 890	28 598	26 830	357 892	432 513	457 190
Other Cash Flows by Source															
Transfer receipts - capital	14 008				14 008				14 008			14 009	56 033	47 085	45 260
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits	8	8	8	8	8	8	8	8	8	8	8	8	100	105	110
Decrease (Increase) in non-current debtors												-			
Decrease (Increase) other non-current receivables												-			
Decrease (Increase) in non-current investments												-			
Total Cash Receipts by Source	67 034	28 266	27 077	27 686	42 544	28 344	29 424	25 371	42 928	25 899	28 606	40 847	414 025	479 703	502 560
Cash Payments by Type															
Employee related costs	13 024	13 024	13 024	13 024	13 024	13 024	13 024	13 024	13 024	13 024	13 024	24 618	167 882	177 451	187 389
Remuneration of councillors	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	2 138	14 700	15 611	14 549
Finance charges	73	73	73	73	73	73	73	73	73	73	73	127	930	988	1 046
Bulk purchases - Electricity	25 000	9 000	16 000	8 000	20 000	9 000	8 000	8 000	25 000	8 000	8 000	(51 756)	92 244	84 551	92 148
Bulk purchases - Water & Sewer	83	83	83	83	83	83	83	83	83	83	83	3 087	4 000	4 228	4 465
Other materials	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	18 000	19 116	20 244
Contracted services	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	(1 213)	19 500	20 612	21 766
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	27	27	27	27	27	27	27	27	27	27	27	10 703	11 000	11 682	12 371
Other expenditure	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 638	19 700	19 700	19 700
Cash Payments by Type	44 374	28 374	35 374	27 374	39 374	28 374	27 374	27 374	44 374	27 374	27 374	(9 158)	347 956	353 939	373 678
Other Cash Flows/Payments by Type															
Capital assets	4 669	4 669	4 669	4 669	4 669	4 669	4 669	4 669	4 669	4 669	4 669	4 674	56 033	47 085	45 260
Repayment of borrowing												-			
Other Cash Flows s/Payments	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	35 000	200 000	-	-
Total Cash Payments by Type	64 043	48 043	55 043	47 043	59 043	48 043	47 043	47 043	64 043	47 043	47 043	30 516	603 989	401 024	418 938
NET INCREASE/(DECREASE) IN CASH HELD	2 991	(19 777)	(27 966)	(19 357)	(16 499)	(19 699)	(17 619)	(21 672)	(21 115)	(21 144)	(18 437)	10 331	(189 964)	78 679	83 622
Cash/cash equivalents at the month/year begin:	2 500	5 491	(14 287)	(42 253)	(61 610)	(78 109)	(97 808)	(115 426)	(137 099)	(158 213)	(179 358)	(197 795)	2 500	(187 464)	(108 785)
Cash/cash equivalents at the month/year end:	5 491	(14 287)	(42 253)	(61 610)	(78 109)	(97 808)	(115 426)	(137 099)	(158 213)	(179 358)	(197 795)	(187 464)	(187 464)	(108 785)	(25 163)

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- It must be noted that the tables 8A and 8B represent the budgeted cash flow of the municipality for the MTREF period. It must be further noted that A7 highlights the negative cash and cash equivalents of R187 million. This is a result of the outstanding trade creditors or area debt of the municipality for over 90 days. This means the budget is unfunded by R187 million for 2017/18 R108 million by 18/19 and R25 million by 19/20 financial years.
- SA 30 represents the budgeted monthly cash flow which is based on the collection rate of the municipality. The collection rate is set at an average of 65 per cent. It must be further noted that each revenue source (service charges) were discounted according to its performance (collection rate).

## 7 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

- The table below highlights all the contracts which will have the budgetary implications for the MTREF period.

NW384 Ditsobotla - Supporting Table SA33 Contracts having future budgetary implications						Total Contract Value
Description	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			
R thousand	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate
<b>Parent Municipality:</b>						
<b><u>Revenue Obligation By Contract</u></b>						
<i>Utility Management services</i>			7 200	7 200	7 200	21 600
<i>Contract 2</i>						-
<i>Contract 3 etc</i>						-
<b>Total Operating Revenue Implication</b>	-	-	7 200	7 200	7 200	21 600
<b><u>Expenditure Obligation By Contract</u></b>						
<i>Security Services</i>		22 600	6 000	6 000	6 000	40 600
<i>Insurance</i>			1 500	2 612	3 766	7 878
<i>Refuse removal services( itsoseng)</i>			1 800	1 800	1 800	5 400
<b>Total Operating Expenditure Implication</b>	-	22 600	9 300	10 412	11 566	53 878
<b><u>Capital Expenditure Obligation By Contract</u></b>						
<i>Leases vehicles</i>			2 400	2 400	2 400	7 200
<i>Leases IT equipment</i>			600	600	600	1 800
<i>Contract 3 etc</i>						-
<b>Total Capital Expenditure Implication</b>	-	-	3 000	3 000	3 000	9 000
<b>Total Parent Expenditure Implication</b>	-	22 600	12 300	13 412	14 566	62 878

- The table above highlights all the contracts which will have the budgetary implications for the MTREF period.

## QUALITY CERTIFICATE

I **GT RAMAGAGA**, Municipal Manager of Ditsobotla local Municipality, hereby certify that the budget has been prepared accordance with the Municipal Finance Management Act and the regulations made under the Act.

Signature .....

Date .....

I **L DINTWE**, Chief Finance Officer of Ditsobotla local Municipality, hereby certify that the budget has been prepared accordance with the Municipal Finance Management Act and the regulations made under the Act.

Signature .....

Date .....